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7. World Arms Transfers

(NITs -- II - 5)

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Description

- The level, composition, and terms of Communist, Western, and OPEC transfers of arms to the Third World, with breakdowns by weapon systems, support (vehicles, communication gear, follow-on spare parts, and ordnance), and associated services (training, technical assistance, and construction of military facilities).
- Trends in commitments and actual deliveries (especially in areas of immediate concern to the policymaker, e.g., the Horn of Africa).
- Economic significance of alternative pricing methods for arms and of debts associated with arms transfers.

Role of OER

OER over the last 20 years has built up probably the best expertise available to the US government in this area (especially for Communist-LDC arms transfers). This expertise is embodied in the analysts and files of the military section of the Trade and Aid Branch. The Branch has been publishing a series of annual and quarterly reports on the economic aspects of these subjects. It plays a unique role because of the (relative) completeness and timeliness of its coverage and its ability to respond rapidly to ad hoc requests. It works closely with OSR on questions of weapons specifications and pricing and with DIA on arms transfers to LDCs. A closer working relationship with OSR is being undertaken to assure consistency of data on transfers and stocks, and a formal coordination procedure with DIA is being sought for Western arms transfers.

Capabilities and Gaps

- A small number of analysts maintain this facet of OER work: [] analysts directly involved, plus an extensive analytic input by the Branch Chief and support from analysts elsewhere in OER and in OSR; in addition, the transportation aspects of world arms transfers, e.g., Communist deliveries to Ethiopia, are monitored [] in the International Transportation Branch.

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- Sharply increased interest in world arms trade, especially since the US arms restraint policy of mid-year 1977, has put additional heavy burdens on the staff.

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Research and Production

Basic Research

- Annual rack-up of arms sales to the Third World, by supplier and recipient.
- Quarterly reports on individual major Communist commitments and deliveries of arms to Third World countries.

Intelligence Assessments

- Detailed, up-to-date studies of regional arms markets, e.g., Latin America and Sub-Saharan Africa.
- Systematic periodic review of the prices charged by Communist governments for military equipment sold LDCs and the terms and conditions of sales.

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- Studies of alternative systems of valuing Communist arms transfers (e.g., by actual export prices or by comparable production costs), including the identification of their appropriate uses.
- Continuing review of Soviet policy and the decision-making process in arms sales to LDCs.

Other Production

- Support pieces for interagency discussions of arms control trends and policies, e.g., on CAT (conventional arms transfers) talks.
- Continuing support and briefing of Congressional Committees.
- Support to policy officials (especially Department of State) traveling abroad or holding discussions with foreign government officials.

External Support

- Information flows on this subject are predominantly within government channels so that external research contracts are not likely to yield good return for the money, certainly not in relation to the potential return from the addition of one or more in-house analysts to the research effort.

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